

104TH CONGRESS  
2D SESSION

# S. 1784

To amend the Small Business Investment Act of 1958, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 20, 1996

Mr. BOND introduced the following bill; which was read twice and referred to the Committee on Small Business

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## A BILL

To amend the Small Business Investment Act of 1958, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; INCORPORATED DEFINITIONS.**

4 This Act may be cited as the “Small Business Invest-  
5 ment Company Improvement Act of 1996”.

6 **SEC. 2. DEFINITIONS.**

7 (a) SMALL BUSINESS CONCERN.—Section 103(5) of  
8 the Small Business Investment Act of 1958 (15 U.S.C.  
9 662(5)) is amended by inserting before the semicolon the  
10 following: “, except that, for purposes of this Act, an in-

1 vestment by a venture capital firm, investment company  
 2 (including a small business investment company) employee  
 3 welfare benefit plan or pension plan, or trust, foundation,  
 4 or endowment that is exempt from Federal income tax-  
 5 ation—

6 “(A) shall not cause a business concern to be  
 7 deemed not independently owned and operated;

8 “(B) shall be disregarded in determining wheth-  
 9 er a business concern satisfies size standards estab-  
 10 lished pursuant to section 3(a)(2) of the Small Busi-  
 11 ness Act; and

12 “(C) shall be disregarded in determining wheth-  
 13 er a small business concern is a smaller enterprise”.

14 (b) PRIVATE CAPITAL.—Section 103(9) of the Small  
 15 Business Investment Act of 1958 (15 U.S.C. 662(9)) is  
 16 amended to read as follows:

17 “(9) the term ‘private capital’—

18 “(A) means the sum of—

19 “(i) the paid-in capital and paid-in  
 20 surplus of a corporate licensee, the contrib-  
 21 uted capital of the partners of a partner-  
 22 ship licensee, or the equity investment of  
 23 the members of a limited liability company  
 24 licensee; and

1 “(ii) unfunded binding commitments,  
2 from investors that meet criteria estab-  
3 lished by the Administrator, to contribute  
4 capital to the licensee; provided that such  
5 unfunded commitments may be counted as  
6 private capital for purposes of approval by  
7 the Administrator of any request for lever-  
8 age, but leverage shall not be funded based  
9 on such commitments; and

10 “(B) does not include any—

11 “(i) funds borrowed by a licensee from  
12 any source;

13 “(ii) funds obtained through the issu-  
14 ance of leverage; or

15 “(iii) funds obtained directly or indi-  
16 rectly from any Federal, State, or local  
17 government, or any government agency or  
18 instrumentality, except for—

19 “(I) funds invested by an em-  
20 ployee welfare benefit plan or pension  
21 plan; and

22 “(II) any qualified nonprivate  
23 funds (if the investors of the qualified  
24 nonprivate funds do not control, di-  
25 rectly or indirectly, the management,

1 board of directors, general partners,  
2 or members of the licensee);”.

3 (c) NEW DEFINITIONS.—Section 103 of the Small  
4 Business Investment Act of 1958 (15 U.S.C. 662) is  
5 amended by striking paragraph (10) and inserting the fol-  
6 lowing:

7 “(10) the term ‘leverage’ includes—

8 “(A) debentures purchased or guaranteed  
9 by the Administration;

10 “(B) participating securities purchased or  
11 guaranteed by the Administration; and

12 “(C) preferred securities outstanding as of  
13 October 1, 1995;

14 “(11) the term ‘third party debt’ means any in-  
15 debtedness for borrowed money, other than indebt-  
16 edness owed to the Administration;

17 “(12) the term ‘smaller enterprise’ means any  
18 small business concern that, together with its affili-  
19 ates—

20 “(A) has—

21 “(i) a net financial worth of not more  
22 than \$6,000,000, as of the date on which  
23 assistance is provided under this Act to  
24 that business concern; and

1                   “(ii) an average net income for the 2-  
2                   year period preceding the date on which  
3                   assistance is provided under this Act to  
4                   that business concern, of not more than  
5                   \$2,000,000, after Federal income taxes  
6                   (excluding any carryover losses); or

7                   “(B) satisfies the standard industrial clas-  
8                   sification size standards established by the Ad-  
9                   ministration for the industry in which the small  
10                  business concern is primarily engaged;

11               “(13) the term ‘qualified nonprivate funds’  
12               means any—

13                   “(A) funds directly or indirectly invested in  
14                   any applicant or licensee on or before August  
15                   16, 1982, by any Federal agency, other than  
16                   the Administration, under a provision of law ex-  
17                   plicitly mandating the inclusion of those funds  
18                   in the definition of the term ‘private capital’;

19                   “(B) funds directly or indirectly invested  
20                   in any applicant or licensee by any Federal  
21                   agency under a provision of law enacted after  
22                   September 4, 1992, explicitly mandating the in-  
23                   clusion of those funds in the definition of the  
24                   term ‘private capital’; and

1           “(C) funds invested in any applicant or li-  
 2           censee by one or more State or local govern-  
 3           ment entities (including any guarantee extended  
 4           by those entities) in an aggregate amount that  
 5           does not exceed—

6                   “(i) 33 percent of the private capital  
 7                   of the applicant or licensee if such funds  
 8                   were invested before June 30, 1996; or

9                   “(ii) 20 percent of the private capital  
 10                  of the applicant or licensee if such funds  
 11                  were invested on or after June 30, 1996;

12           “(14) the terms ‘employee welfare benefit plan’  
 13           and ‘pension plan’ have the same meanings as in  
 14           section 3 of the Employee Retirement Income Secu-  
 15           rity Act of 1974, and are intended to include—

16                   “(A) public and private pension or retire-  
 17                   ment plans subject to such Act; and

18                   “(B) similar plans not covered by such Act  
 19                   that have been established and that are main-  
 20                   tained by the Federal Government or any State  
 21                   or political subdivision, or any agency or instru-  
 22                   mentality thereof, for the benefit of employees;

23           “(15) the term ‘member’ means, with respect to  
 24           a licensee that is a limited liability company, a hold-  
 25           er of an ownership interest or a person otherwise ad-

mitted to membership in the limited liability company; and

“(16) the term ‘limited liability company’ means a business entity that is organized and operating in accordance with a State limited liability company statute approved by the Administration.”.

**SEC. 3. ORGANIZATION OF SMALL BUSINESS INVESTMENT COMPANIES.**

(a) LIMITED LIABILITY COMPANIES.—Section 301(a) of the Small Business Investment Act of 1958 (15 U.S.C. 681(a)) is amended in the first sentence, by striking “body or” and inserting “body, a limited liability company, or”.

(b) ISSUANCE OF LICENSE.—Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. 681(c)) is amended to read as follows:

“(c) ISSUANCE OF LICENSE.—

“(1) SUBMISSION OF APPLICATION.—Each applicant for a license to operate as a small business investment company under this Act shall submit to the Administrator an application, in a form and including such documentation as may be prescribed by the Administrator.

“(2) PROCEDURES.—

1           “(A) STATUS.—Not later than 90 days  
2           after the initial receipt by the Administrator of  
3           an application under this subsection, the Ad-  
4           ministrator shall provide the applicant with a  
5           written report detailing the status of the appli-  
6           cation and any requirements remaining for  
7           completion of the application.

8           “(B) APPROVAL OR DISAPPROVAL.—With-  
9           in a reasonable time after receiving a completed  
10          application submitted in accordance with this  
11          subsection and in accordance with such require-  
12          ments as the Administrator may prescribe by  
13          regulation, the Administrator shall—

14               “(i) approve the application and issue  
15               a license for such operation to the appli-  
16               cant if the requirements of this section are  
17               satisfied; or

18               “(ii) disapprove the application and  
19               notify the applicant in writing of the dis-  
20               approval.

21          “(3) MATTERS CONSIDERED.—In reviewing and  
22          processing any application under this subsection, the  
23          Administrator—

24               “(A) shall determine whether—



1 “(i) the applicant meets the require-  
2 ments of subsections (a) and (c) of section  
3 302; and

4 “(ii) the management of the applicant  
5 is qualified and has the knowledge, experi-  
6 ence, and capability necessary to comply  
7 with this Act;

8 “(B) shall take into consideration—

9 “(i) the need for and availability of fi-  
10 nancing for small business concerns in the  
11 geographic area in which the applicant is  
12 to commence business;

13 “(ii) the general business reputation  
14 of the owners and management of the ap-  
15 plicant; and

16 “(iii) the probability of successful op-  
17 erations of the applicant, including ade-  
18 quate profitability and financial soundness;  
19 and

20 “(C) shall not take into consideration any  
21 projected shortage or unavailability of leverage.

22 “(4) EXCEPTION.—

23 “(A) IN GENERAL.—Notwithstanding any  
24 other provision of this Act, the Administrator  
25 may, in the discretion of the Administrator and

1           based on a showing of special circumstances  
 2           and good cause, approve an application and  
 3           issue a license under this subsection with re-  
 4           spect to any applicant that—

5                   “(i) has private capital of not less  
 6                   than \$3,000,000;

7                   “(ii) would otherwise be issued a li-  
 8                   cense under this subsection, except that  
 9                   the applicant does not satisfy the require-  
 10                  ments of section 302(a); and

11                  “(iii) has a viable business plan rea-  
 12                  sonably projecting profitable operations  
 13                  and a reasonable timetable for achieving a  
 14                  level of private capital that satisfies the re-  
 15                  quirements of section 302(a).

16                  “(B) LEVERAGE.—An applicant licensed  
 17                  pursuant to the exception provided in this para-  
 18                  graph shall not be eligible to receive leverage as  
 19                  a licensee until the applicant satisfies the re-  
 20                  quirements of section 302(a).”.

21           (c) SPECIALIZED SMALL BUSINESS INVESTMENT  
 22 COMPANIES.—Section 301(d) of the Small Business In-  
 23 vestment Act of 1958 (15 U.S.C. 681(d)) is repealed.

1 **SEC. 4. CAPITAL REQUIREMENTS.**

2 (a) INCREASED MINIMUM CAPITAL REQUIRE-  
3 MENTS.—Section 302(a) of the Small Business Invest-  
4 ment Act of 1958 (15 U.S.C. 682(a)) is amended by strik-  
5 ing “(a)” and all that follows through “The Administra-  
6 tion shall also determine the ability of the company,” and  
7 inserting the following:

8 “(a) AMOUNT.—

9 “(1) IN GENERAL.—Except as provided in para-  
10 graph (2), the private capital of each licensee shall  
11 be not less than—

12 “(A) \$5,000,000; or

13 “(B) \$10,000,000, with respect to each li-  
14 censee authorized or seeking authority to issue  
15 participating securities to be purchased or guar-  
16 anteed by the Administration under this Act.

17 “(2) EXCEPTION.—The Administrator may, in  
18 the discretion of the Administrator and based on a  
19 showing of special circumstances and good cause,  
20 permit the private capital of a licensee authorized or  
21 seeking authorization to issue participating securi-  
22 ties to be purchased or guaranteed by the Adminis-  
23 tration to be less than \$10,000,000, but not less  
24 than \$5,000,000, if the Administrator determines  
25 that such action would not create or otherwise con-

1       tribute to an unreasonable risk of default or loss to  
2       the Federal Government.

3               “(3) ADEQUACY.—In addition to the require-  
4       ments of paragraph (1), the Administrator shall—

5               “(A) determine whether the private capital  
6               of each licensee is adequate to assure a reason-  
7               able prospect that the licensee will be operated  
8               soundly and profitably, and managed actively  
9               and prudently in accordance with its articles;  
10              and

11              “(B) determine that the licensee will be  
12              able”.

13       (b) EXEMPTION FOR CERTAIN LICENSEES.—Section  
14       302(a) of the Small Business Investment Act of 1958 (15  
15       U.S.C. 682(a)) is amended by adding at the end the fol-  
16       lowing new paragraph:

17              “(4) EXEMPTION FROM CAPITAL REQUIRE-  
18       MENTS.—

19              “(A) AUTHORITY TO EXEMPT.—The Ad-  
20              ministrator may, in the discretion of the Ad-  
21              ministrator, exempt from the capital require-  
22              ments in paragraph (1) any licensee licensed  
23              under subsection (c) or (d) of section 301 be-  
24              fore the date of enactment of the Small Busi-

1           ness Investment Company Improvement Act of  
2           1996, if—

3                   “(i) the private capital of the licensee  
4                   is not less than \$2,500,000;

5                   “(ii) the licensee certifies in writing  
6                   that not less than 50 percent of the aggre-  
7                   gate dollar amount of its financings after  
8                   the date of enactment of the Small Busi-  
9                   ness Investment Company Improvement  
10                  Act of 1996 will be provided to smaller en-  
11                  terprises; and

12                  “(iii) the Administrator determines  
13                  that the licensee—

14                   “(I) has a record of profitable  
15                   operations; and

16                   “(II) has not committed any seri-  
17                   ous or continuing violation of any ap-  
18                   plicable provision of Federal or State  
19                   law or regulation.

20                  “(B) REDUCTION OF PRIVATE CAPITAL RE-  
21                  QUIREMENT.—If the Administrator determines  
22                  that such action would not create or otherwise  
23                  contribute to an unreasonable risk of default or  
24                  loss to the United States Government, the Ad-  
25                  ministrator, in the discretion of the Adminis-

1           trator and based on a showing of special cir-  
 2           cumstances and good cause, may reduce the  
 3           private capital requirement under subparagraph  
 4           (A)(i) with respect to any licensee.”.

5           (c) DIVERSIFICATION OF OWNERSHIP.—Section  
 6 302(c) of the Small Business Investment Act of 1958 (15  
 7 U.S.C. 682(c)) is amended to read as follows:

8           “(c) DIVERSIFICATION OF OWNERSHIP.—The Ad-  
 9 ministrator shall ensure that the management of each li-  
 10 censee licensed after the date of enactment of the Small  
 11 Business Investment Company Improvement Act of 1996  
 12 is sufficiently diversified from and unaffiliated with the  
 13 ownership of the licensee in a manner that ensures inde-  
 14 pendence and objectivity in the financial management and  
 15 oversight of the investments and operations of the li-  
 16 censee.”.

17 **SEC. 5. BORROWING.**

18           (a) DEBENTURES.—Section 303(b) of the Small  
 19 Business Investment Act of 1958 (15 U.S.C. 683(b)) is  
 20 amended in the first sentence, by striking “(but only” and  
 21 all that follows through “terms”).

22           (b) THIRD PARTY DEBT.—Section 303(c) of the  
 23 Small Business Investment Act of 1958 (15 U.S.C.  
 24 683(c)) is amended to read as follows:

25           “(c) THIRD PARTY DEBT.—The Administrator—

1           “(1) shall not permit a licensee having out-  
 2           standing leverage to incur third party debt that  
 3           would create or contribute to an unreasonable risk  
 4           of default or loss to the Federal Government; and

5           “(2) shall permit such licensees to incur third  
 6           party debt only on such terms and subject to such  
 7           conditions as may be established by the Adminis-  
 8           trator, by regulation or otherwise.”.

9           (c) REQUIREMENT TO FINANCE SMALLER ENTER-  
 10          PRISES.—Section 303(d) of the Small Business Invest-  
 11          ment Act of 1958 (15 U.S.C. 683(d)) is amended to read  
 12          as follows:

13          “(d) REQUIREMENT TO FINANCE SMALLER ENTER-  
 14          PRISES.—The Administrator shall require each licensee,  
 15          as a condition of approval of an application for leverage,  
 16          to certify in writing that not less than 20 percent of the  
 17          aggregate dollar amount of the financings of the licensee  
 18          will be provided to smaller enterprises.”.

19          (d) CAPITAL IMPAIRMENT REQUIREMENTS.—Section  
 20          303(e) of the Small Business Investment Act of 1958 (15  
 21          U.S.C. 683(e)) is amended to read as follows:

22          “(e) CAPITAL IMPAIRMENT.—Before approving any  
 23          application for leverage submitted by a licensee under this  
 24          Act, the Administrator—

1           “(1) shall determine that the private capital of  
2           the licensee meets the requirements of section  
3           302(a); and

4           “(2) shall determine, taking into account the  
5           nature of the assets of the licensee, the amount and  
6           terms of any third party debt owed by such licensee,  
7           and any other factors determined to be relevant by  
8           the Administrator, that the private capital of the li-  
9           censee has not been impaired to such an extent that  
10          the issuance of additional leverage would create or  
11          otherwise contribute to an unreasonable risk of de-  
12          fault or loss to the Federal Government.”.

13          (e) EQUITY INVESTMENT REQUIREMENT.—Section  
14          303(g)(4) of the Small Business Investment Act of 1958  
15          (15 U.S.C. 683(g)(4)) is amended by striking “and main-  
16          tain”.

17          (f) FEES.—Section 303 of the Small Business Invest-  
18          ment Act of 1958 (15 U.S.C. 683) is amended—

19                 (1) in subsection (b), in the fifth sentence, by  
20                 striking “1 per centum,” and all that follows before  
21                 the period at the end of the sentence and inserting  
22                 the following: “1 percent, plus an additional charge  
23                 of .50 percent per annum which shall be paid to and  
24                 retained by the Administration”;



1           (2) in subsection (g)(2), by striking “1 per cen-  
 2           tum,” and all that follows before the period at the  
 3           end of the paragraph and inserting the following: “1  
 4           percent, plus an additional charge of .50 percent per  
 5           annum which shall be paid to and retained by the  
 6           Administration”; and

7           (3) by adding at the end the following new sub-  
 8           sections:

9           “(i) **LEVERAGE FEE.**—With respect to leverage  
 10          granted by the Administration to a licensee, the Adminis-  
 11          tration shall collect from the licensee a nonrefundable fee  
 12          in an amount equal to 3 percent of the face amount of  
 13          leverage granted to the licensee, payable upon the earlier  
 14          of the date of entry into any commitment for such leverage  
 15          or the date on which the leverage is drawn by the licensee.

16          “(j) **CALCULATION OF SUBSIDY RATE.**—All fees, in-  
 17          terest, and profits received and retained by the Adminis-  
 18          tration under this section shall be included in the calcula-  
 19          tions made by the Director of the Office of Management  
 20          and Budget to offset the cost (as that term is defined in  
 21          section 502 of the Federal Credit Reform Act of 1990)  
 22          to the Administration of purchasing and guaranteeing de-  
 23          bentures and participating securities under this Act.”.

1 **SEC. 6. LIABILITY OF THE UNITED STATES.**

2 Section 308(e) of the Small Business Investment Act  
3 of 1958 (15 U.S.C. 687(e)) is amended by striking “Noth-  
4 ing” and inserting “Except as expressly provided other-  
5 wise in this Act, nothing”.

6 **SEC. 7. EXAMINATIONS; VALUATIONS.**

7 (a) EXAMINATIONS.—Section 310(b) of the Small  
8 Business Investment Act of 1958 (15 U.S.C. 687b(b)) is  
9 amended in the first sentence by inserting “which may be  
10 conducted with the assistance of a private sector entity  
11 that has both the qualifications to conduct and expertise  
12 in conducting such examinations,” after “Investment Divi-  
13 sion of the Administration,”.

14 (b) VALUATIONS.—Section 310(d) of the Small Busi-  
15 ness Investment Act of 1958 (15 U.S.C. 687b(d)) is  
16 amended to read as follows:

17 “(d) VALUATIONS.—

18 “(1) FREQUENCY OF VALUATIONS.—

19 “(A) IN GENERAL.—Each licensee shall  
20 submit to the Administrator a written valuation  
21 of the loans and investments of the licensee not  
22 less often than semiannually or otherwise upon  
23 the request of the Administrator, except that  
24 any licensee with no leverage outstanding shall  
25 submit such valuations annually, unless the Ad-  
26 ministrator determines otherwise.

1           “(B) MATERIAL ADVERSE CHANGES.—Not  
2 later than 30 days after the end of a fiscal  
3 quarter of a licensee during which a material  
4 adverse change in the aggregate valuation of  
5 the loans and investments or operations of the  
6 licensee occurs, the licensee shall notify the Ad-  
7 ministrator in writing of the nature and extent  
8 of that change.

9           “(C) INDEPENDENT CERTIFICATION.—

10           “(i) IN GENERAL.—Not less than once  
11 during each fiscal year, each licensee shall  
12 submit to the Administrator the financial  
13 statements of the licensee, audited by an  
14 independent certified public accountant ap-  
15 proved by the Administrator.

16           “(ii) AUDIT REQUIREMENTS.—Each  
17 audit conducted under clause (i) shall in-  
18 clude—

19           “(I) a review of the procedures  
20 and documentation used by the li-  
21 censee in preparing the valuations re-  
22 quired by this section; and

23           “(II) a statement by the inde-  
24 pendent certified public accountant  
25 that such valuations were prepared in

1 conformity with the valuation criteria  
 2 applicable to the licensee established  
 3 in accordance with paragraph (2).

4 “(2) VALUATION CRITERIA.—Each valuation  
 5 submitted under this subsection shall be prepared by  
 6 the licensee in accordance with valuation criteria,  
 7 which shall—

8 “(A) be established or approved by the Ad-  
 9 ministrator; and

10 “(B) include appropriate safeguards to en-  
 11 sure that the noncash assets of a licensee are  
 12 not overvalued.”.

13 **SEC. 8. TRUSTEE OR RECEIVERSHIP OVER LICENSEES.**

14 (a) IN GENERAL.—Section 311 of the Small Business  
 15 Investment Act of 1958 (15 U.S.C. 687c) is amended by  
 16 adding at the end the following new subsection:

17 “(d) APPOINTMENT OF PRINCIPAL RECEIVERS AND  
 18 AGENTS.—

19 “(1) IN GENERAL.—Upon appointment as a re-  
 20 ceiver, as described in subsection (c), the Adminis-  
 21 trator may appoint principal receivers and receiver’s  
 22 agents.

23 “(2) COMPENSATION.—A receiver’s agent ap-  
 24 pointed under paragraph (1) may be paid—

“(A) at any time from salaries and expense amounts appropriated for the Administration, and the Administration may be reimbursed for such amounts from amounts recovered from the liquidation of any assets of the licensee at the conclusion of the receivership; or

“(B) from amounts recovered from the liquidation of any assets of the licensee, but only at the conclusion of the receivership.”.

(b) CONTRACTS WITH PRIVATE SECTOR ENTITIES.—

(1) IN GENERAL.—Not later than June 30, 1997, the Small Business Administration shall enter into one or more contracts or arrangements with private sector entities to provide for the orderly liquidation of all licensee assets in liquidation, including assets of licensees in receivership or in trust with respect to which the court has appointed the Administration as receiver or trustee under section 311 of the Small Business Investment Act of 1958.

(2) DEFINITION.—For purposes of this subsection, the term “licensee” has the same meaning as in section 103 of the Small Business Investment Act of 1958.

1 **SEC. 9. BOOK ENTRY REGISTRATION.**

2 Subsection 321(f) of the Small Business Investment  
3 Act of 1958 (15 U.S.C. 687*l*) is amended by adding at  
4 the end the following new paragraph:

5 “(5) Nothing in this subsection shall prohibit the uti-  
6 lization of a book entry or other electronic form of reg-  
7 istration for trust certificates.”.

8 **SEC. 10. TECHNICAL AND CONFORMING AMENDMENTS.**

9 The Small Business Investment Act of 1958 (15  
10 U.S.C. 661 et seq.) is amended—

11 (1) in section 303—

12 (A) in subsection (a), by striking “deben-  
13 ture bonds,” and inserting “securities,”;

14 (B) by striking subsection (f) and inserting  
15 the following:

16 “(f) REDEMPTION OR REPURCHASE OF PREFERRED  
17 STOCK.—Notwithstanding any other provision of law—

18 “(1) the Administrator may allow the issuer of  
19 any preferred stock sold to the Administration be-  
20 fore November 1, 1989 to redeem or repurchase  
21 such stock, upon the payment to the Administration  
22 of an amount less than the par value of such stock,  
23 for a repurchase price determined by the Adminis-  
24 trator after consideration of all relevant factors, in-  
25 cluding—

26 “(A) the market value of the stock;

1 “(B) the value of benefits provided and an-  
 2 ticipated to accrue to the issuer;

3 “(C) the amount of dividends paid, ac-  
 4 crued, and anticipated; and

5 “(D) the Administrator’s estimate of any  
 6 anticipated redemption; and

7 “(2) any moneys received by the Administration  
 8 from the repurchase of preferred stock shall be  
 9 available solely to provide debenture leverage to li-  
 10 censees having 50 percent or more in aggregate dol-  
 11 lar amount of their financings invested in smaller  
 12 enterprises.”; and

13 (C) in subsection (g)(8)—

14 (i) by striking “partners or sharehold-  
 15 ers” and inserting “partners, shareholders,  
 16 or members”;

17 (ii) by striking “partner’s or share-  
 18 holder’s” and inserting “partner’s, share-  
 19 holder’s, or member’s”; and

20 (iii) by striking “partner or share-  
 21 holder” and inserting “partner, share-  
 22 holder, or member”;

23 (2) in section 308(h), by striking “subsection  
 24 (c) or (d) of section 301” each place that term ap-  
 25 pears and inserting “section 301”;

1           (3) in section 310(c)(4), by striking “not less  
2           than four years in the case of section 301(d) licens-  
3           ees and in all other cases,”;

4           (4) in section 312—

5                 (A) by striking “shareholders or partners”  
6                 and inserting “shareholders, partners, or mem-  
7                 bers”; and

8                 (B) by striking “shareholder, or partner”  
9                 each place that term appears and inserting  
10                “shareholder, partner, or member”;

11           (5) by striking sections 317 and 318, and re-  
12           designating sections 319 through 322 as sections  
13           317 through 320, respectively;

14           (6) in section 319, as redesignated—

15                 (A) in subsection (a), by striking “, includ-  
16                 ing companies operating under the authority of  
17                 section 301(d),”; and

18                 (B) in subsection (f)(2), by inserting “or  
19                 investments in obligations of the United States”  
20                 after “accounts”;

21           (7) in section 320, as redesignated, by striking  
22           “section 321” and inserting “section 319”; and

23           (8) in section 509—

24                 (A) in subsection (a)(1), by striking the  
25                 second sentence; and



1 (B) in subsection (e)(1)(B), by striking  
2 “subsection (c) or (d) of section 301” and in-  
3 serting “section 301”.

4 **SEC. 11. AUTHORIZATION OF APPROPRIATIONS.**

5 Section 20(p)(3) of the Small Business Act (15  
6 U.S.C. 631 note) is amended by striking subparagraph  
7 (B) and inserting the following:

8 “(B) \$300,000,000 in guarantees of de-  
9 bentures; and”.

10 **SEC. 12. EFFECTIVE DATE.**

11 This Act and the amendments made by this Act shall  
12 become effective on the date of enactment of this Act.

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